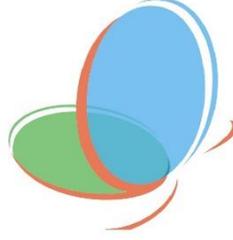


BANKPOZİTİF KREDİ VE KALKINMA BANKASI A.Ş.



ENVIRONMENTAL AND SOCIAL POLİCY

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1. INTRODUCTION AND OBJECTIVE

1.1 Introduction

Bankpozitif, as stated and announced in *its Ethical Principles*, is fully aware of its role towards ensuring environmental and social sustainability along with a healthy economic growth. Starting with the establishment, Bankpozitif continues its activities regarding environmental and social contribution. The Bank's approach to Environmental and Social issues is determined by this policy approved by the Board of Directors.

This policy and its annexes, which are placed under "Bankpozitif Environmental and Social Management System", include methodology and standards that are formed in order to identify, to mitigate or to eliminate the environmental and social risks which can derive from the Bank's direct or indirect activities.

1.2 Objectives

1.2.1 Internal Objectives:

- (i) To eliminate or to minimize the negative effects of environmental and social risks on the Bank's decisions by managing these risks and opportunities, to apply "Environmental and Social Management System" (ESMS) in order to improve the positive impact,
- (ii) To ensure ESMS be in line with well-accepted national and international environmental and social legislations, to maintain the dynamic and improvable structure,
- (iii) To manage the Bank's natural resource usage at its headquarter and the environmental impact of waste generation with the principle of reducing the amount of waste at the resource,
- (iv) To target arranging activities and education in order to improve environmental and social awareness of the workers so that all employees will have the knowledge and skills to perform their task consonant with the Bank policies.
- (v) To implement human resources management with equality of opportunity, being respectful of human and workers' rights without any discrimination like gender, religion, language, race, cultural and political thought,
- (vi) To target providing a safe working environment and improving it with preventive and reformative approaches to occupational safety and health.

1.2.2 External Objectives:

- (vii) To evaluate environmental and social risks of the financed investments, to look for identifying and managing risks skills in investors and to help the investors increasing their environmental and social performance.

- (viii) To stop financing process to the sectors indicated in the annex of this document “Exclusion List” without any environmental and social risk assessment,
- (ix) To improve environmental and social standards, to support environmental investments especially in energy efficiency, resource efficiency and renewable energy projects,
- (x) As an environmental and social responsibility, to improve new products and services for environmental and social benefits,
- (xi) To support the training programs to improve the stakeholders’ and society’s environmental and social awareness,
- (xii) To target improving and applying permanent social responsibility projects which are beneficial for society and environment.

2. RISK ANALYSIS

2.1 Environmental Risks

Environment is the place where all living creatures continue their relationships and are in mutual interaction biologically, physically, socially, economically and culturally. (2782 numbered Environment Law, 2nd item)

The environmental impact assessment which will be made by the Bank covers determining the adverse effects on the environment of the planned project, the prevention of a negative effects on environment or minimizing the harm to the environment significantly and monitoring and controlling the investment required.

The Bank’s activities will be directed with the purpose of environmental protection aspects.

The following risks defined will be assessed at least in lending process and in environmental assessment of Bank’s other activities;

- (i) Any kind of negative effect which may occur in environment and may disrupt the health of living creatures, environmental values and ecological balance,
- (ii) As a result of domestic, industrial, agricultural and other uses, contamination risk of the waters or risk of partially or fully changing its specifications,
- (iii) Risk of hazardous waste or contaminated waste which cause disruption on ecological balance or disruption on human and other living creatures as a result of biological and/or chemical negative effect of the investments/ activities,
- (iv) Depending on the increase in air pollutants, air pollution risk in the air that effects human and its environment,
- (v) Creating any kind of emission risk that could cause change in climate,
- (vi) The impact of the investments on environment in the sectors having high waste generation and high raw material consumption especially like energy, water and natural resources,

- (vii) The risks that may have adverse effects on protecting biological diversity and management of sustainable living natural resources,
- (viii) the risk of damage or destruction of cultural heritage and the risk of protecting sensitive areas

2.2. Social Risks

Social risk is an aggregate of the risks that have negative effects on society and individuals as a result of Bank's activities and depending on it the risk of damage to the Bank's reputation.

At the beginning of the risks that may affect society and the individuals, there are risks of not meeting the terms and conditions of work and employment contracts prepared by an international recognized parties like International Labour Organisation, risks of loss of public health, security and safety and obligatory resettlement of people.

The social risks that may occur as a result of the Bank's activities will be evaluated with this policy and the methodology prepared with ESMS.

2.3. Complaints

Bankpozitif gives importance to effective communication with all parties for the successful management of risks and impacts on communities adversely affected by the Bank's decisions and/or actions. The Bank always respects the right of meaningful consultation/communication with the related communities.

A complaint mechanism has been established to assess and review complaints about Bank's activities. This mechanism enables the Bank to assess whether the operations are in compliance with this Environmental and Social Policy, restore a dialogue between the affected parties, and resolve the issues that have given rise to the complaint or grievance.

3. ENFORCEMENT

This policy will enter into force on the date of its approval by the Board of Directors.

4. APPENDIX

Appendix 1. Exclusion List

Exclusion List (Appendix 1)

- (i) Production or activities involving harmful or exploitative forms of forced labor/child labor;
- (ii) Production of or trade in any product or activity deemed illegal under Turkish law.
- (iii) Production of or trade in any product or activity that contravenes any host country laws or regulations or international conventions and agreements.

- (iv) Production of or trade in weapons and munitions including paramilitary materials excluding national defence related manufacturing;
- (v) Production of or trade in tobacco;¹
- (vi) Gambling, casinos, and equivalent enterprises; This does not apply if the activity concerned is ancillary to a project's (or subproject's) primary operations;
- (vii) Production or trade in radioactive materials including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded;
- (viii) Production of or trade in or use of unbounded asbestos fibers;
- (ix) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest;
- (x) Production or trade in wood or other forestry products other than from sustainably managed forests;
- (xi) Production, commercial-scale use, trade, storage, or transport of products containing polychlorinated biphenyls; and hazardous chemicals;
- (xii) Production of or trade in pharmaceuticals, pesticides/herbicides, or ozone depleting substances subject to international phase outs or bans;
- (xiii) Any activities related to pornography or prostitution;²
- (xiv) Any trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species (CITES)
- (xv) Cross-border trade in waste and waste products that are incompatible with the Basel Convention and the underlying regulations.
- (xvi) Production of or trade in alcoholic beverages (excluding local beverages, beer and wine)
- (xvii) Activities prohibited by host country legislation or international conventions on the protection of cultural heritage and biodiversity resources.
- (xviii) The production, trade or use of drift net over 2.5 km in length.

¹ If these activities cover significant part of project or project's sponsor, project finance will be excluded. Significant part means that 10 % of balance sheet or financial volume.

² If these activities cover significant part of project or project's sponsor, project finance will be excluded. Significant part means that 10 % of balance sheet or financial volume.

(xix) Transport of oil and other dangerous materials by tankers that do not comply with IMO – International Maritime Organization requirements.

(xx) Production and distribution of media that is racist, anti-democratic and/or Neo-Naziist.